

ABSTRACT

Title : Effect of Profitability, Leverage, and Firm Size on Profit Management in Food Manufacturing Companies Sub Sector and Drinks Listed on the Indonesia Stock Exchange Period 2014 - 2018.

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This research was conducted with the aim to analyze the effect of profitability, leverage, and company size simultaneously and partially on earnings management practices in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (BEI) for the period 2014 - 2018. Profit Management is proxied by Discretionary Accrual. Independent variables examined include profitability proxied by Return on Assets (ROA), leverage proxied by Debt to Equity Ratio (DER), and company size proxied by Ln Total Sales.

The method used is purposive sampling with the number of samples used as many as 50 samples (5 periods) food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange from a total population of 76. The type of data used is secondary data sourced from financial reports and reports annual. The data analysis method used is multiple linear regression analysis.

The results of this study are profitability, leverage, and company size simultaneously affect earnings management. Partially, profitability and company size have no effect on earnings management. While leverage has a significant positive effect on earnings management. Adjusted R² Square value of 0.0282 which means that the ability of the three independent variables can affect earnings management by 28.20% while the rest is influenced by other factors.

Keywords: Profitability, Leverage, Company Size, Profit Management